

AMENDED FISCAL REPORTS  
For Fiscal Year:

July 1, 2017 to June 30, 2018

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Schuylkill County  
Children and Youth Agency

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April 2020



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE  
AUDITOR GENERAL

Independent Auditor's Report

The Commissioners of Schuylkill County  
Schuylkill County Courthouse  
401 North Second Street  
Pottsville, PA 17901-2528

Dear Commissioners:

We have fulfilled the requirements pursuant to authority derived from Act 148 of 1976, as amended, (62 P.S. § 704.1(a)(4)) for the submitted CY-370 Expenditure Report, the CY-370A Revenue Report, and the CY-348 Fiscal Summary, hereinafter referred to as the submitted fiscal reports, and the related financial records of the Schuylkill County Children and Youth Agency (agency), legally known as Schuylkill County Children and Youth Services, for the purpose of ascertaining and certifying the actual Commonwealth expenditures incurred on behalf of children residing within the County for the fiscal year July 1, 2017 to June 30, 2018. The scope of our engagement was limited to the fiscal reports submitted to the Department of Human Services (DHS) as part of the Act 148 Invoice Packages for the fiscal year ended June 30, 2018.

Preparation of the submitted fiscal reports, and compliance with children, youth, and families regulations, are the responsibility of agency management. Our engagement procedures included a review of selected agency records, and other procedures we deemed necessary, to enable us to ascertain and certify the actual Commonwealth expenditures incurred on behalf of children residing within the County and to determine the County's compliance with certain provisions of 55 Pa. Code, Part V. Children, Youth, and Families Manual, Subpart C, Chapters 3140 and 3170 (55 Pa. Code §§ 3140.1 *et seq.* and 3170.1 *et seq.*), but was not conducted, nor was it required to be, in accordance with professional auditing or attestation standards. We believe that our engagement procedures provided us a reasonable basis to ascertain and certify the actual Commonwealth expenditures incurred on behalf of children residing within Schuylkill County.

We certify that the enclosed amended fiscal reports fairly present, in all material respects, the total Commonwealth expenditures paid on behalf of children residing within the county for the 2017-2018 fiscal year based on the accrual basis of accounting.

Independent Auditor's Report (Continued)

The procedures we performed during this engagement resulted in no adjustments to the agency's submitted fiscal report for the fiscal year included in our engagement scope period. The fiscal report for the 2017-2018 fiscal year is included in Section 1 of this report.

In addition, we found that the agency complied with the finding included in our prior engagement report, as detailed in Section 2 of this report.

Furthermore, we updated our Child Protective Services Law Observation to include DHS management's current and planned corrective actions in response to our concerns, as listed below and detailed in Section 3 of this report:

Observation – Significant Control Deficiencies Exist in DHS' Oversight of Children and Youth (C&Y) Agencies' Adherence with the Requirements of the Child Protective Services Law

The results of our engagement procedures, as presented in this report, were emailed to County representatives and agency management on April 6, 2020.

This report is being forwarded to the DHS Bureau of Financial Operations, and the Office of Children, Youth, and Families for review and settlement of the recommended adjustments included in our amended fiscal reports. You will be notified by DHS of the decisions made regarding the approval and finalization of the adjustment amounts during the DHS settlement process and the impact, if any, on a future Act 148 payment. At that time, in accordance with the Commonwealth's General Rules of Administrative Practice and Procedure, 1 Pa. Code § 31.1 *et seq.*, you will be afforded the opportunity by Commonwealth DHS to appeal its settlement process decision.

We appreciate the cooperation, assistance, and courtesy granted our representatives by your officials and the staff of the Schuylkill County Children and Youth Agency.

Sincerely,



Eugene A. DePasquale  
Auditor General

April 9, 2020

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## BACKGROUND

The Department of the Auditor General is responsible for reviewing the fiscal reports, known as the submitted CY-370 Expenditure Report, the CY-370A Revenue Report, and the CY-348 Fiscal Summary of the 67 County Children and Youth Agencies to determine proper reporting and utilization of funds according to program regulations and guidelines under the Human Services Code 62 P.S. § 704.1(a)(4). The annual state Act 148 allocations are used by the Counties to administer social services for the children and youth that reside within the Commonwealth of Pennsylvania, whose stated goal is “to ensure, for each child in this Commonwealth, a permanent, legally assured family which protects the child from abuse and neglect.” According to information provided by the Department of Human Services (DHS), Office of Children, Youth and Families (OCYF), the Schuylkill County Children and Youth Agency provided in-home and placement services to 3,693 children residing within the County during the 2017-2018 fiscal year. The Children and Youth Social Services Program is County-Administered and State-Supervised by DHS and thus, they are jointly responsible for achieving the Commonwealth’s goal.

In accordance with the Human Services Code (62 P. S. § 703), DHS is responsible for making and enforcing all rules and regulations necessary and appropriate to the proper accomplishment of the child welfare duties and functions vested by law in the county institution districts or their successors. Title 55 Pa. Code, Part V. Children, Youth, and Families Manual, Subpart C, outlines the rules and regulations relative to the County Administration of the Children and Youth Social Service Programs. Specifically, in compliance with 55 Pa. Code § 3140.31, the Counties must report their cumulative actual expenditures incurred for the provision of children and youth social services on a quarterly basis to DHS through the Act 148 Invoice package. The expenditures reported in the Act 148 Invoice Package refers to all costs for dependent and delinquent children and youth services funded or administered by DHS.

As part of our engagement, we reviewed the County Children and Youth Agency’s submitted fiscal reports, as referenced above, which are included in the Act 148 Invoice package. Specifically, we reviewed the final, cumulative 4<sup>th</sup> Quarter fiscal reports submitted to DHS, along with the County Children and Youth Agency’s related financial records and supporting documentation, to determine whether the County Children and Youth Agency’s actual, cumulative expenditures and revenues were properly reported to DHS for the respective fiscal years (FYs). Any variances identified between the submitted and actual costs and revenues required adjustments to these fiscal reports, and thus, our Amended CY-370 Expenditure Report, Amended CY-370A Revenue Report, and Amended CY-348 Fiscal Summary, resulting from our engagement procedures and included in this report for each fiscal year included in our scope, reflect the County Children and Youth Agency’s actual related costs and revenues for those years. The reports also include the impact of those costs and revenues on the County Children and Youth Agency’s corresponding Net State Shares.

# SECTION 1

## AMENDED FISCAL REPORTS

**FOR THE FISCAL YEAR:**

**JULY 1, 2017 to JUNE 30, 2018**

**SCHUYLKILL COUNTY CHILDREN AND YOUTH AGENCY  
FOR THE PERIOD JULY 1, 2017 TO JUNE 30, 2018  
AMENDED  
COMPUTATION OF FINAL NET STATE SHARE**

Approved State Allocation <sup>1</sup>		\$	11,480,865
Supplemental Act 148			<u>1,020,908</u>
Total State Allocation			12,501,773
State Share (CY348) <sup>2</sup>	\$		12,501,773
Less: Major Service Category Adjustment			<u>0</u>
Net State Share		\$	12,501,773
Less: Expenditures in Excess of the Approved State Allocation			<u>0</u>
Final Net State Share Payable <sup>3</sup>		\$	12,501,773
Actual Act 148 Revenues Received <sup>4</sup>			<u>12,501,773</u>
Net Amount Due County/(State) <sup>5</sup>		\$	<u>0</u>

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<sup>1</sup> Approved State Allocation is the amount of Act 148 State Funds that were budgeted for the County.

<sup>2</sup> State Share (CY348) is the total amount of County expenditures that are eligible for reimbursement from Act 148 Funds after audit adjustments are considered.

<sup>3</sup> Final Net Share Payable is the net amount of reimbursable expenditures from Act 148 funds after audit adjustments are considered.

<sup>4</sup> Actual Act 148 Revenues Received is the amount of Act 148 funds the County received.

<sup>5</sup> Net Amount Due the County/(State) is the variance between the amount of Act 148 funds the County received and the Final Net State Share Payable to the County.

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SCHUYLKILL COUNTY CHILDREN AND YOUTH AGENCY  
 FOR THE PERIOD JULY 1, 2017 TO JUNE 30, 2018  
 AMENDED CY348  
 FISCAL SUMMARY

	A	B	C	D	E	F	G	H	I	J	K
	GRAND TOTAL	PROGRAM INCOME	TITLE IV-E	TANF	TITLE XX	TITLE IV-B	Child Welfare Demonstration Project Title IV-E	MEDICAL ASSISTANCE	NET TOTAL	STATE ACT 148	LOCAL SHARE
NET CHILD WELFARE EXPENDITURES											
01. 100% REIMBURSEMENT	154,224	5,499	25,963	0	0	0	0	0	122,762	122,762	0
02. 90% REIMBURSEMENT	212,346	74	16,528	0	0	0	0	0	195,744	176,170	19,574
03. 80% REIMBURSEMENT	18,171,254	401,556	3,919,346	176,644	115,591	0	0	0	13,558,117	10,846,495	2,711,622
04. 60% REIMBURSEMENT	2,382,306	53,029	251,013	0	0	45,300	0	11,090	2,021,874	1,213,126	808,748
05. 50% REIMBURSEMENT	287,494	653	404	0	0	0	0	0	286,437	143,220	143,217
06. TOTAL NET CHILD WELFARE EXPEND.	21,207,624	460,811	4,213,254	176,644	115,591	45,300	0	11,090	16,184,934	12,501,773	3,683,161
YDC/YFC PLACEMENT COSTS											
07. 60% DHS PARTICIPATION	1,329,408	3,655							1,325,753	795,452	530,301
08. NON-REIMBURSABLE EXPENDITURES	38,016	0							38,016		38,016
09. TOTAL EXPENDITURES	22,575,048	464,466	4,213,254	176,644	115,591	45,300	0	11,090	17,548,703	13,297,225	4,251,478
10. TOTAL TITLE IV-D COLLECTIONS	136,865										
11. TITLE IV-D Collections for IV-E Children	57,154										
12. STATE ACT 148 - line 6	12,501,773										
13. STATE ACT 148 ALLOCATION	12,501,773										
14. ADJUSTED STATE SHARE (lower of 12 or 13)	12,501,773										
INVOICE											
AMENDED STATE SHARE (ACT 148)	12,501,773										
ACT 148 AMOUNT RECEIVED	12,501,773										
ADJUSTMENT TO STATE SHARE	0										



SCHUYLKILL COUNTY CHILDREN AND YOUTH AGENCY  
FOR THE PERIOD JULY 1, 2017 TO JUNE 30, 2018  
AMENDED CY370A  
REVENUE REPORT

MAJOR SERVICE CATEGORIES & COST CENTERS	REVENUE SOURCES											
	1	2	3	4	5	6	7	8	9	10	11	12
	TOTAL REIMBURSABLE EXPENDITURES	PROGRAM INCOME	TITLE IV-E MAINTENANCE	TITLE IV-E ADMIN.	TANF	TITLE XX	TITLE IV-B	Child Welfare Demonstration Project Title IV-E	MEDICAL ASSISTANCE	NET REIMBURSABLE EXPENDITURES	STATE ACT 148	LOCAL SHARE
<b>IN-HOME</b>												
1-A ADOPTION SERVICE	154,224	5,499		25,963	0			0	0	122,762	122,762	0
1-B ADOPTION ASSISTANCE	1,341,210	0	607,268	23,233				0	0	710,709	568,567	142,142
1-C SUBSIDIZED PERMANENT LEGAL CUSTODI/ANSH	400,121	0	79,696					0	0	320,425	256,341	64,084
1-D COUNSELING - DEPENDENT	2,564,060	0			0			0	0	2,564,060	2,051,248	512,812
1-E COUNSELING - DELINQUENT	634,097	0		76	156,044			0	0	477,977	382,382	95,595
1-F DAY CARE	0	0			0			0	0	0	0	0
1-G DAY TREATMENT - DEPENDENT	149,400	0			20,600			0	0	128,800	103,040	25,760
1-H DAY TREATMENT - DELINQUENT	0	0			0			0	0	0	0	0
1-I HOMEMAKER SERVICE	0	0			0			0	0	0	0	0
1-J INTAKE & REFERRAL	2,622	0		450	0			0	0	2,172	1,738	434
1-K LIFE SKILLS - DEPENDENT	0	0			0			0	0	0	0	0
1-L LIFE SKILLS - DELINQUENT	35,652	0			0			0	0	35,652	28,522	7,130
1-M PROTECTIVE SERVICE - CHILD ABUSE	513,372	8,864		85,196	0			0	0	419,312	335,450	83,862
1-N PROTECTIVE SERVICE - GENERAL	2,477,093	42,689		396,420	0			0	0	2,037,984	1,630,387	407,597
1-O SERVICE PLANNING	1,786,710	31,734		299,277	0			0	0	1,455,699	1,164,559	291,140
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT	140,472	0		404	0			0	0	140,068	70,034	70,034
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT	0	0			0			0	0	0	0	0
1-R SUBTOTAL IN-HOME	10,199,033	88,786	686,964	831,019	176,644	0	0	0	0	8,415,620	6,715,030	1,700,590
<b>COMMUNITY BASED PLACEMENT</b>												
2-A ALTERNATIVE TREATMENT - DEPENDENT	0	0						0	0	0	0	0
2-B ALTERNATIVE TREATMENT - DELINQUENT	0	0						0	0	0	0	0
2-C COMMUNITY RESIDENTIAL - DEPENDENT	1,460,809	51,619	143,224	16,792		115,591		0	0	1,133,583	906,866	226,717
2-D COMMUNITY RESIDENTIAL - DELINQUENT	753,892	12,791	23,999	10				0	0	717,092	573,673	143,419
2-E EMERGENCY SHELTER - DEPENDENT	212,346	74	16,528	0	0	0	0	0	0	195,744	176,170	19,574
2-F EMERGENCY SHELTER - DELINQUENT	0	0			0			0	0	0	0	0
2-G FOSTER FAMILY - DEPENDENT	5,949,663	248,490	1,231,840	1,011,731				0	0	3,457,602	2,766,082	691,520
2-H FOSTER FAMILY - DELINQUENT	102,553	5,320	0	134				0	0	97,099	77,679	19,420
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	49						0	0	(49)	(39)	(10)
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0						0	0	0	0	0
2-K SUBTOTAL CBP	8,479,263	318,343	1,415,591	1,028,667	0	115,591	0	0	0	5,601,071	4,500,431	1,100,640
<b>INSTITUTIONAL PLACEMENT</b>												
3-A JUVENILE DETENTION SERVICE	147,022	653							0	146,369	73,186	73,183
3-B RESIDENTIAL SERVICE - DEPENDENT	599,735	7,859	34,834	15				0	0	557,027	334,216	222,811
3-C RES. SERVICE - DELINQUENT (NON YDC/YC)	191,498	9,177	8,091	0			45,300	0	0	128,930	77,359	51,571
3-D SECURE RES. SERVICE (EXCEPT YDC)	348,083	9,219							0	338,866	203,320	135,546
3-E YDC SECURE	1,329,408	3,655								1,325,753	795,452	530,301
3-F SUBTOTAL INSTITUTIONAL	2,615,748	30,563	42,923	15	0	0	45,300	0	0	2,496,945	1,483,533	1,013,412
4 ADMINISTRATION	1,242,988	26,774		208,073			0	0	11,090	997,051	598,231	398,820
5 TOTAL REVENUES	22,537,032	464,466	2,145,480	2,067,774	176,644	115,591	45,300	0	11,090	17,510,687	13,297,225	4,213,462

SCHUYLKILL COUNTY CHILDREN AND YOUTH AGENCY  
FOR THE PERIOD JULY 1, 2017 TO JUNE 30, 2018  
AMENDED CY370  
EXPENDITURE REPORT

MAJOR SERVICE CATEGORIES & COST CENTERS	OBJECTS OF EXPENDITURE											
	1	2	3	4	5	6	7	8	9	10	11	12
	WAGES AND SALARIES	EMPLOYEE BENEFITS	EMPLOYEE BENEFITS	OPERATING SUBSIDIES	PURCHASED SERVICES	FIXED ASSETS	TOTAL EXPENDITURES	Children Served (by county)	Children Served (Purchased)	Non-Reim. Reimbursable Non PS Sub.	Non-Reim. Purchased Serv/ Subsidies	Program Income related to all Non-Reimbursable
<b>IN-HOME</b>												
1-A ADOPTION SERVICE	82,156	42,277		29,791	0	0	154,224	38	0	0	0	0
1-B ADOPTION ASSISTANCE	0	0	1,341,210	0	0	0	1,341,210	0	768	0	0	0
1-C SUBSIDIZED PERMANENT LEGAL CUSTODIANSHIP	0	0	400,121	0	0	0	400,121	0	242	0	0	0
1-D COUNSELING - DEPENDENT	0	0		6,100	2,567,455	0	2,573,555	0	2,728	0	9,495	0
1-E COUNSELING - DELINQUENT	0	0		436	641,656	0	642,092	0	582	0	7,995	0
1-F DAY CARE	0	0		0	0	0	0	0	0	0	0	0
1-G DAY TREATMENT - DEPENDENT	0	0		0	149,400	0	149,400	0	38	0	0	0
1-H DAY TREATMENT - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
1-I HOMEMAKER SERVICE	0	0		0	0	0	0	0	0	0	0	0
1-J INTAKE & REFERRAL	0	0		2,622	0	0	2,622	0	0	0	0	0
1-K LIFE SKILLS - DEPENDENT	0	0		0	0	0	0	0	0	0	0	0
1-L LIFE SKILLS - DELINQUENT	0	0		0	35,652	0	35,652	0	108	0	0	0
1-M PROTECTIVE SERVICE - CHILD ABUSE	291,112	148,835		67,425	6,000	0	513,372	605	12	0	0	0
1-N PROTECTIVE SERVICE - GENERAL	1,401,940	719,348		256,763	99,042	0	2,477,093	5,920	36	0	0	0
1-O SERVICE PLANNING	1,043,758	535,838		207,114	0	0	1,786,710	6,476	0	0	0	0
1-P JUVENILE ACT PROCEEDINGS - DEPENDENT				4,204	136,268		140,472	0	2,743	0	0	0
1-Q JUVENILE ACT PROCEEDINGS - DELINQUENT					11,886		11,886	0	48	0	11,886	0
1-R <b>SUBTOTAL IN-HOME</b>	2,818,966	1,446,298	1,741,331	574,455	3,647,359	0	10,228,409			0	29,376	0
	Number of Children receiving only NON-PURCHASED IN-Home Services 12,219											
<b>COMMUNITY BASED PLACEMENT</b>	WAGES AND SALARIES	EMPLOYEE BENEFITS	EMPLOYEE BENEFITS	OPERATING SUBSIDIES	PURCHASED SERVICES	FIXED ASSETS	TOTAL EXPENDITURES	DAYS OF CARE	Children Served (Purchased)	Non-Reim. Reimbursable Non PS Sub.	Non-Reim. Purchased Serv/ Subsidies	Program Income related to all Non-Reimbursable
2-A ALTERNATIVE TREATMENT - DEPENDENT	0	0	0	0	0	0	0	0	0	0	0	0
2-B ALTERNATIVE TREATMENT - DELINQUENT	0	0	0	0	0	0	0	0	0	0	0	0
2-C COMMUNITY RESIDENTIAL - DEPENDENT	57,817	29,566		13,610	1,359,816	0	1,460,809	6,626	94	0	0	0
2-D COMMUNITY RESIDENTIAL - DELINQUENT	0	0		2,350	751,542	0	753,892	3,451	56	0	0	0
2-E EMERGENCY SHELTER - DEPENDENT	0	0		2,485	209,861	0	212,346	2,790	127	0	0	0
2-F EMERGENCY SHELTER - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
2-G FOSTER FAMILY - DEPENDENT	615,110	314,814		145,463	4,875,026	0	5,950,413	96,439	1,209	0	750	0
2-H FOSTER FAMILY - DELINQUENT	0	0		825	101,728	0	102,553	697	8	0	0	0
2-I SUP. INDEPENDENT LIVING - DEPENDENT	0	0		0	0	0	0	0	0	0	0	0
2-J SUP. INDEPENDENT LIVING - DELINQUENT	0	0		0	0	0	0	0	0	0	0	0
2-K <b>SUBTOTAL CBP</b>	672,927	344,380	0	164,733	7,297,973	0	8,480,013	110,003	1,494	0	750	0
<b>INSTITUTIONAL PLACEMENT</b>	WAGES AND SALARIES	EMPLOYEE BENEFITS	EMPLOYEE BENEFITS	OPERATING SUBSIDIES	PURCHASED SERVICES	FIXED ASSETS	TOTAL EXPENDITURES	DAYS OF CARE	Children Served (Purchased)	Non-Reim. Reimbursable Non PS Sub.	Non-Reim. Purchased Serv/ Subsidies	Program Income related to all Non-Reimbursable
3-A JUVENILE DETENTION SERVICE	0	0		6,795	140,227	0	147,022	554	37	0	0	0
3-B RESIDENTIAL SERVICE - DEPENDENT	0	0		7,250	592,485	0	599,735	2,293	42	0	0	0
3-C RES. SERVICE - DELINQUENT (EXCEPT YDC/YFC)	0	0		17,184	174,314	0	191,498	813	15	0	0	0
3-D SECURE RES. SERVICE (EXCEPT YDC)	0	0		150	347,935	0	348,085	1,125	18	0	0	0
3-E YDC SECURE	0	0		0	1,329,408	0	1,329,408	2,504	38	0	0	0
3-F <b>SUBTOTAL INSTITUTIONAL</b>	0	0	0	31,379	2,384,369	0	2,615,748	7,089	150	0	0	0
4 <b>ADMINISTRATION</b>	466,896	235,266	0	548,716	0	0	1,250,878			7,890	0	0
<b>TOTAL EXPENDITURES</b>	3,958,789	2,025,944	1,741,331	1,319,283	13,529,701	0	22,575,048			7,890	30,126	0
	County Indirect Costs = \$ 442,152											

**SCHUYLKILL COUNTY CHILDREN AND YOUTH AGENCY  
FOR THE PERIOD JULY 1, 2017 TO JUNE 30, 2018  
AMENDED  
SUMMARY OF EXPENSE AND EXPENSE ADJUSTMENTS**

<b>COST CENTER ITEMS</b>	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Adoption Service	\$ 154,224	\$ 0	\$ 154,224
Adoption Assistance	1,341,210	0	1,341,210
Subsidized Permanent Legal Custodianship	400,121	0	400,121
Counseling	3,215,647	0	3,215,647
Day Care	0	0	0
Day Treatment	149,400	0	149,400
Homemaker Service	0	0	0
Intake and Referral	2,622	0	2,622
Life Skills	35,652	0	35,652
Protective Service - Child Abuse	513,372	0	513,372
Protective Service - General	2,477,093	0	2,477,093
Service Planning	1,786,710	0	1,786,710
Juvenile Act Proceedings	152,358	0	152,358
Alternative Treatment	0	0	0
Community Residential	2,214,701	0	2,214,701
Emergency Shelter	212,346	0	212,346
Foster Family	6,052,966	0	6,052,966
Supervised Independent Living	0	0	0
Juvenile Detention Service	147,022	0	147,022
Residential Service	791,233	0	791,233
Secure Residential Service (Except YDC)	348,085	0	348,085
YDC Secure	1,329,408	0	1,329,408
Administration	1,250,878	0	1,250,878
Combined Total Expense	<u>22,575,048</u>	<u>0</u>	<u>22,575,048</u>
Less Non-reimbursables	<u>38,016</u>	<u>0</u>	<u>38,016</u>
Total Net Expense	<u>\$ 22,537,032</u>	<u>\$ 0</u>	<u>\$ 22,537,032</u>

<b>OBJECTS OF EXPENDITURE</b>	AS REPORTED PER CY370	INCREASE (DECREASE)	AS AMENDED PER CY370
Wages and Salaries	\$ 3,958,789	\$ 0	\$ 3,958,789
Employee Benefits	2,025,944	0	2,025,944
Subsidies	1,741,331	0	1,741,331
Operating	1,319,283	0	1,319,283
Purchased Services	13,529,701	0	13,529,701
Fixed Assets	0	0	0
Combined Total Expense	<u>22,575,048</u>	<u>0</u>	<u>22,575,048</u>
Less Non-reimbursables	<u>38,016</u>	<u>0</u>	<u>38,016</u>
Total Net Expense	<u>\$ 22,537,032</u>	<u>\$ 0</u>	<u>\$ 22,537,032</u>

## SECTION 2

# STATUS OF PRIOR ENGAGEMENT FINDING AND RECOMMENDATIONS

SCHUYLKILL COUNTY CHILDREN AND YOUTH AGENCY  
STATUS OF PRIOR ENGAGEMENT FINDING AND RECOMMENDATIONS

**Finding – The Schuylkill County Children and Youth Agency Should Develop and Implement Internal Control Policies and Procedures in Order to Reduce the Risk of Paying Overbillings or Fraudulent Billings by Contracted In-Home Purchased Service Providers (Resolved)**

In our prior engagement report, for the fiscal years July 1, 2014 to June 30, 2017, we cited the Schuylkill County Children and Youth Agency (agency) for failure to develop and implement internal control policies and procedures to require adequate supporting documentation evidencing that services related to fees invoiced by In-Home Purchased Service providers, and paid by the agency, were actually provided, and if provided, provided in adherence to the requirements of the respective provider contract terms. Agency management informed us that they did not require any of the Fee-for-Service In-Home providers it contracted with during our prior engagement to submit any documentation, other than submitted invoices, to substantiate the fees invoiced by these respective providers. We concluded that the agency did not have sufficient controls in place to reduce the agency’s risk of paying overbillings or fraudulent billings submitted by contracted In-Home Purchased Service providers.

Our current engagement scope period included the 2017-2018 fiscal year. During the conduct of our current engagement, we obtained evidence substantiating that, as of September 1, 2017, the agency implemented fiscal-related monitoring policy and procedures designed to reduce the agency’s risk of paying overbillings or fraudulent billings submitted by contracted In-Home Purchased Service providers and to obtain reasonable assurance that services related to costs invoiced by these providers were actually provided and provided in adherence to executed contract terms.

The agency’s fiscal-related monitoring policy for In-Home Purchased Service providers specifies that the agency is performing quarterly on-site fiscal-related monitoring of all contracted In-Home Purchased Services providers, which includes comparing submitted invoices to the respective provider’s records that substantiate the number of units invoiced by Fee-for-Service providers. The results of the on-site visits are documented on a monitoring form.

To assess the sufficiency of these procedures, we reviewed three on-site monitoring forms for monitoring conducted during the 2017-18 fiscal year. All three of the forms documented that the agency verified that encounter forms signed by the client supported the invoiced number of units of service. Based on the procedures performed during our current engagement, we concluded the issuance of a repeat finding is not warranted.

## SECTION 3

# CURRENT ENGAGEMENT OBSERVATION

SCHUYLKILL COUNTY CHILDREN AND YOUTH AGENCY  
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**Observation – Significant Control Deficiencies Exist in the Commonwealth Department of Human Services’ Oversight of Children and Youth (C&Y) Agencies’ Adherence with the Requirements of the Child Protective Services Law (CPSL)**

The Child Protective Services Law (CPSL) requires the conduct of criminal background checks and child abuse history clearances (certifications) for all employees and direct volunteers of county children and youth (C&Y) agencies as well as the volunteers/employees of these agencies’ contractors (providers) and subcontractors (sub-recipients).<sup>1</sup> To ensure adherence to these requirements, the Commonwealth DHS (DHS) has assigned monitoring responsibilities to internal offices and bureaus based on the types of services provided.

**Foster Care**

As a part of its annual licensing inspection process of county C&Y agencies, the Commonwealth DHS’ Office of Children, Youth and Families (OCYF) performs reviews of agency employees and agency foster parents’ adherence to the requirements of the CPSL. The OCYF also performs CPSL adherence reviews of employees of contracted foster family agencies through its annual licensing inspection of these providers. However, because the OCYF is behind in its completion of these annual inspections and does not have adequate procedures in place to determine whether C&Y agencies are monitoring their respective providers’ and sub-recipients’ adherence to the CPSL,<sup>2</sup> the safety of children receiving services from these agencies and their contractors and subcontractors may be at **risk**. According to information provided by DHS OCYF, the Schuylkill County Children and Youth Agency provided in-home and placement services to 3,693 children residing within the County during the 2017-2018 fiscal year.

**Day Treatment Centers and Child Residential Facilities**

Beginning July 1, 2012, the DHS Bureau of Human Services’ Licensing (bureau) took over responsibility for the performance of the annual licensing inspections of Child Day Treatment Centers and Child Residential Facilities, which encompasses the performance of CPSL adherence reviews of the employees of these providers. Prior to July 1, 2012, DHS OCYF had been responsible for performing these CPSL adherence reviews during its annual licensing inspections of these providers. Through a review of the DHS website, we found letters, posted by DHS, to the management staff of Child Day Treatment Centers and Child Residential Facilities detailing the results of the licensing inspections performed by the bureau and identifying regulatory violations, including CPSL adherence violations, as specified in the accompanying License Inspection Summaries. However, we are unable to attest to: 1) the

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<sup>1</sup> 23 Pa.C.S. §§ 6344 and 6344.2.

<sup>2</sup> This is detailed in the Commonwealth of Pennsylvania Single Audit Reports (most recently for the fiscal year ended June 30, 2019, via Finding 201-009).

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timeliness of the completion and approval of these annual inspections and 2) whether the CPSL adherence of any potential sub-recipients used by these providers are being monitored.<sup>3</sup>

**Contracted In-Home Preventative Service Providers**

For contracted In-Home Preventative Service providers, we were informed by DHS OCYF that these providers are not required to be licensed by the Commonwealth and, thus, are not subject to the annual inspections performed by DHS.<sup>4</sup> DHS' position was that while not all in-home service providers would meet the criteria requiring the conduct of *certifications* for employees/volunteers, when they do, C&Y agencies were responsible for including provisions in their executed contracts with these providers.

In correspondence with management of C&Y agencies during some of our recently conducted engagements, we have found that some C&Y agencies' management staffs are still of the opinion that there is no need to directly monitor CPSL adherence of the providers' employees/volunteers because they are now including the requirements for this type of monitoring in their executed contracts with these providers. However, our interpretation of the CPSL remains that C&Y agencies cannot fulfill their duties under the CPSL to protect the children receiving in-home preventative services from child abuse by merely including the requirements for "direct monitoring" in their provider executed contracts.<sup>5</sup> Instead, all C&Y agencies should have a process in place that allows them to actively monitor their providers and sub-recipients by routinely reviewing their employees' and volunteers' *certifications* for disqualifying convictions.

Therefore, we concluded that DHS had not taken every action to obtain reasonable assurance that C&Y agencies were taking enough action to ensure the safety and welfare of the vulnerable, at risk children receiving in-home preventative services. Further, because DHS has not implemented a process to ensure that C&Y agencies are consistently monitoring the CPSL adherence of the contracted In-Home Preventative Service providers' employees and

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<sup>3</sup> This is detailed in the Commonwealth of Pennsylvania Single Audit Reports (most recently for the fiscal year ended June 30, 2019, via Finding 2019-009).

<sup>4</sup> Please note that based on recent correspondence with DHS, these providers are referred to as "private providers delivering prevention and reunification services." We refer to them as *contracted In-Home Preventative Service providers* throughout our observation for ease of understanding.

<sup>5</sup> In our Department's opinion "direct monitoring" consists of C&Y agencies routinely performing procedures to obtain reasonable assurance that their *contracted In-Home Preventative Service providers* and their sub-recipients are properly vetting a representative sample of the background checks and child abuse history clearances of their employees and volunteers to identify, and properly address, any identified disqualifying convictions.



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volunteers, this Department will continue to raise concerns about the risks posed to the safety of these vulnerable children.<sup>6</sup>

**DHS Senior Management Follow-Up Response**

DHS senior management provided an official response to our concerns detailed in this Observation in a February 28, 2018 letter that affirmed their assertion that, because DHS has no contractual relationship with *contracted In-Home Preventative Service providers*, the ability and responsibility to monitor private providers<sup>7</sup> to ensure that their *certifications* adhere to the CPSL falls to the C&Y agencies, as does the responsibility to take appropriate action when they do not comply.

DHS senior management staff further stated that DHS recognizes that they are responsible for communicating contract monitoring expectations to the C&Y agencies and for implementing a method to ensure that contract monitoring is being performed adequately. DHS' OCYF has communicated DHS' expectation that C&Y agencies must monitor these private providers' compliance with the requirements of the CPSL. DHS has also reiterated this expectation during quarterly Pennsylvania Children and Youth Administrators (PCYA) meetings held between June 2016 and October 2017, as well as in general guidance regarding contract monitoring efforts included in OCYF Bulletins issued for the 2017-18 and 2018-19 fiscal years. Further, DHS stated that OCYF will issue additional guidance in its Needs-Based Plan and Budget instructions for this year to emphasize adherence to the CPSL requirements for these providers as part of the C&Y agencies' monitoring expectations.

Finally, DHS informed us that they will address the adequacy of C&Y agencies' monitoring through the July 2019 version of the DHS Single Audit Supplement (SAS) and will develop and require through the SAS a schedule that captures the details of each C&Y agency's monitoring efforts.<sup>8</sup> This will include a listing of these private providers, whether they were monitored and if any CPSL violations were identified. The schedule will be submitted with the respective county's annual single audit report and will be subject to an Agreed Upon Procedures (AUP) engagement. DHS will also provide technical assistance to any C&Y agency that needs improvement.

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<sup>6</sup> The *2017 Annual Child Protective Services Report* notes that the DHS' Office of Children, Youth and Families (OCYF) and its regional offices (in Philadelphia, Scranton, Harrisburg, and Pittsburgh) have responsibilities that include, among others: "Monitoring, licensing, and providing technical assistance to CCYA and private children and youth agencies and facilities." [Emphasis added.], p. 7; [http://www.dhs.pa.gov/cs/groups/webcontent/documents/document/c\\_275378.pdf](http://www.dhs.pa.gov/cs/groups/webcontent/documents/document/c_275378.pdf), accessed August 3, 2018.

<sup>7</sup> This includes *contracted In-Home Preventative Service providers* and their sub-recipients.

<sup>8</sup> As of the date of this report, DHS has not notified us that the Single Audit Supplement has been updated.

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We believe that DHS obtaining C&Y agencies' reporting of the CPSL status of these providers as a part of their Single Audit Supplement and the other above discussed DHS' methods taken to address the issues we raised in our March 18, 2018, Position Statement letter to DHS would be a significant improvement. However, until DHS implements a process to ensure that all 67 C&Y agencies are routinely directly monitoring the CPSL adherence to the *certifications* of their contracted in-home preventative service providers' employees and volunteers, this Department, as indicated in our March 18, 2018, Position Statement letter, will continue to raise our concerns. Our Department again wishes to re-emphasize that any failure to perform such monitoring puts the safety of these vulnerable children at great risk.

**Greater Scrutiny of Arrest and Conviction Records**

It is important to note that background checks and child abuse clearances have historically been valid for one year after being obtained.<sup>9</sup> However, recent amendments to the CPSL extend this time frame from one year to five years.<sup>10</sup> Therefore, there is a need for DHS and C&Y agencies across the commonwealth to have a *greatly heightened* awareness about the arrest and conviction records, as well as child abuse adjudications, of the employees/volunteers of C&Y agencies' *contracted In-Home Preventative Service providers* and their sub-recipients. This is to ensure that no new, disqualifying incidents have occurred from the date of the background clearances since certain disqualifying offenses could go undetected for years.

**Auditor General Senior Management's Follow-up Conclusion Statement**

We commend DHS management for acknowledging the seriousness of the risks to children's safety resulting from the significant control deficiencies we identified related to CPSL adherence as discussed in our March 18, 2018 Position Statement letter. Further, we recognize the challenges that DHS faces in monitoring the 67 C&Y agencies' direct monitoring of the numerous *contracted In-Home Preventative Service providers* and their sub-recipients. We believe that requiring C&Y agencies to submit a schedule that captures the details of the agency's monitoring efforts as described above will be a major improvement. However, we also recognize that risks to these vulnerable children continue to exist. One such risk results from the potential delay of 9 to 21 months (or possibly longer) between the date of possible noncompliance by a *contracted In-Home Preventative Service provider* and/or inadequate monitoring by a county C&Y agency and DHS becoming aware of those issues.<sup>11</sup>

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<sup>9</sup> Please note that the previous one year validity of checks and clearances only applied to prospective employees, which is a requirement that was deleted by Act 153 of 2014.

<sup>10</sup> 23 Pa.C.S. § 6344.4.

<sup>11</sup> The potential 9-21 month delay is based on the Single Audit being due nine months after the end of the fiscal year plus up to 12 months for possible noncompliance occurring at the beginning of the fiscal year. The period of delay would be higher when the Single Audit is not received within nine months from the end of the fiscal year.

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Furthermore, as previously stated, we have communicated to DHS that we believe that DHS should do more to assure that employees/volunteers of *contracted In-Home Preventative Service providers* are properly vetted through reviews of background checks and child abuse history clearances and to ensure that employees/volunteers do not have any convictions or adjudications that are disqualifying under the CPSL. Further, because of more recent amendments to the CPSL that changed the validity timeframe for background checks and child abuse history clearances from one to five years (i.e., 60 months) after being obtained, we believe that a greatly heightened awareness of these providers and sub-recipients' arrest and conviction records and child abuse adjudications is warranted.<sup>12</sup>

Directly monitoring whether employees/volunteers of *contracted In-Home Preventative Service providers* are properly vetted through a background check process is a crucial step towards protecting these at-risk children. Therefore, we will continue to monitor the adequacy of measures taken by DHS to monitor and address C&Y agencies' compliance with the requirements of the CPSL as it relates to their contracted in-home preventative service providers and their sub-recipients. Again, our Department re-emphasizes that any failure to perform such monitoring puts the safety of these vulnerable children at great risk.

Finally, we requested that DHS reach out to, and work with, the chairs of the legislative committees of the Pennsylvania Senate and House of Representatives who help to protect the wellbeing of Pennsylvania children and youth to amend the Human Services Code to include provisions requiring the licensure and annual inspections of *contracted In-Home Preventative Service providers and their subcontractors (sub-recipients)*.<sup>13</sup>

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<sup>12</sup> As noted in an earlier footnote, the now repealed one year validity of checks and clearances only applied to prospective employees.

<sup>13</sup> The agency stated that it conducts monitoring of CPSL compliance by its In-Home Service providers and sub-recipients and provided the following additional information: "Quality Assurance (QA) staff from Schuylkill County Children and Youth Services have a process in place to monitor in-home service providers on a quarterly basis. As part of the on-site review process, QA staff reviews background checks and child abuse clearances for a random sample of direct service employees of each provider. In addition, a sample of encounter forms is selected from monthly invoices in order to monitor billing practices." We did not perform procedures to evaluate the agency's performance of those procedures.

SCHUYLKILL COUNTY CHILDREN AND YOUTH AGENCY  
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This report was originally distributed to the following:

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